

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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| THE APPLICATION OF LOUISVILLE GAS |) | |
| AND ELECTRIC COMPANY FOR AN ORDER |) | |
| AUTHORIZING THE ISSUE OF FIRST |) | |
| MORTGAGE BONDS AND THE EXECUTION |) | CASE NO. 8636 |
| AND DELIVERY OF A LOAN AGREEMENT |) | |
| BETWEEN THE COMPANY AND THE COUNTY |) | |
| OF TRIMBLE, KENTUCKY |) | |

O R D E R

On August 30, 1982, Louisville Gas and Electric Company ("LG&E") filed with the Commission its duly verified application for authority to issue not to exceed \$75,000,000 in principal amount of First Mortgage Bonds, Pollution Control Series H ("First Mortgage Bonds"), and to enter into a Loan Agreement with the County of Trimble, Kentucky ("County"). A hearing was held in the Commission's offices in Frankfort, Kentucky, on September 17, 1982.

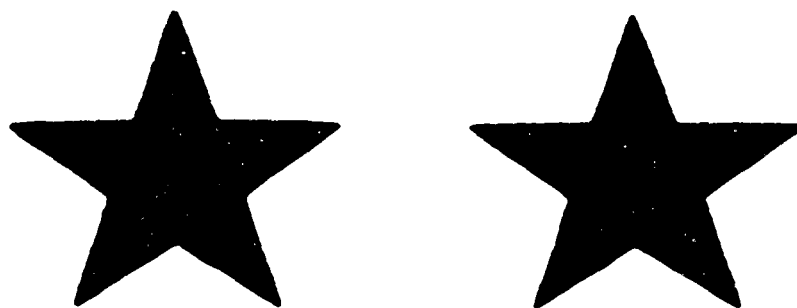
The First Mortgage Bonds are to be issued pursuant to a Supplemental Indenture being a supplement to LG&E's November 1, 1949, Mortgage Indenture as heretofore supplemented, a copy of which Supplemental Indenture is filed with the application. Said First Mortgage Bonds will, from time to time, be delivered to the Pollution Control Trustee ("Trustee") under an Indenture of Trust between the County and the Trustee in connection with the issue and sale by the County of its Pollution Control Revenue Bonds, 1982 Series B (Louisville Gas and Electric Company Project), such bonds to be dated at the time they are sold in 1982, in the

aggregate principal amount of not to exceed \$75,000,000 (the "1982 Series B Bonds"). A copy of said Indenture of Trust is filed with the application. The First Mortgage Bonds will be held by the Trustee to secure the payment of the 1982 Series B Bonds and the payment by LG&E of all sums payable by LG&E pursuant to the terms of the aforementioned Loan Agreement by and between the County and LG&E under the terms of which the County will sell its 1982 Series B Bonds and lend the Proceeds of such sale to LG&E. A copy of the Loan Agreement, in substantially the form in which it will be executed, is filed with the application. The Loan Agreement and the monies to be paid by LG&E under the Loan Agreement will be assigned to the Trustee under the Indenture of Trust relating to the issue and sale by the County of its 1982 Series B Bonds.

The 1982 Series B Bonds will be sold to a group of Underwriters represented by Merrill Lynch, Pierce, Fenner & Smith, Inc., E. F. Hutton & Company Inc., and J. J. B. Hilliard, W. L. Lyons, Inc., ("the Underwriters") pursuant to the terms of a Bond Purchase Agreement a copy of which, in substantially the form in which it will be executed, is filed with the application. The proceeds from the sale of the 1982 Series B Bonds will be loaned by the County to LG&E to provide funds to finance the acquisition of air and water pollution control and sludge processing and disposal facilities for the Trimble County Generating Station of LG&E.

The Commission, after consideration of all evidence of record and being advised, is of the opinion and finds that the issuance and sale by LG&E of not to exceed \$75,000,000 in principal amount of First Mortgage Bonds, Pollution Control Series H, is for a

CORRECTION



***PRECEDING IMAGE HAS BEEN
REFILMED
TO ASSURE LEGIBILITY OR TO
CORRECT A POSSIBLE ERROR***

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lawful object within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

(1) LG&E is authorized to issue and deliver, from time to time, to the corporate trustee under the Indenture of Trust between the County of Trimble and such corporate trustee not to exceed \$75,000,000 in principal amount of LG&E's said First Mortgage Bonds, Pollution Control Series H;

(2) The execution and delivery by LG&E of said Loan Agreement with the County of Trimble and the performance by LG&E of the transactions contemplated to be performed by it thereunder, are hereby authorized;

(3) The 1982 Series B Bonds are to bear interest at a rate not to exceed approximately 10.5% per annum; and the compensation to be paid to Underwriters for their services as underwriters is not to exceed 2-3/4% of the principal amount of said 1982 Series B Bonds;

(4) The proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

(5) Within a reasonable time after the sale by Trimble County, Kentucky, to the Underwriters of not to exceed \$75,000,000 in principal amount of 1982 Series B Bonds LG&E shall file with the Commission a statement showing (a) the price to be paid for such

bonds, (b) the exact interest thereon, and (c) the amount of compensation paid by LG&E to the Underwriters for their services in underwriting and selling the 1982 Series B Bonds.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this the 17th day of September, 1982.

PUBLIC SERVICE COMMISSION

Martin M. Why
Chairman

Katharine Sandale
Vice Chairman

Tom Carver
Commissioner

ATTEST:

Secretary